



**STATEMENT OF PROCEEDINGS FOR THE
REGULAR MEETING OF THE
LOS ANGELES COUNTY AUDIT COMMITTEE
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012**

Thursday, August 20, 2015

10:30 AM

AUDIO LINK FOR THE ENTIRE MEETING. (15-3944)

Attachments: [AUDIO](#)

Present: Lori Glasgow, Vice Chair James Blunt, Dorinne Jordan, Carl Gallucci and Genethia Hudley-Hayes

Absent: Kieu-Anh King

I. ADMINISTRATIVE MATTERS

1. Call to Order. (15-3267)

The meeting was called to order by Chair Lori Glasgow at 10:37 a.m.

2. Approval of July 16, 2015 meeting minutes. (15-3821)

On motion of Dorinne Jordan, seconded by James Blunt, this item was approved as amended to correct the referral of the Operation's Cluster to read the Children's Cluster on Agenda Item Nos. 10 and 11.

Attachments: [SUPPORTING DOCUMENT](#)

II. BOARD POLICIES

3. Recommendation to review substantive changes to Board Policy No. 3.095 - City Annexations and Spheres of Influence Amendments, extend the sunset review date to October 4, 2019 and direct the Department to submit the policy to the Board of Supervisors for final approval (8/5/15). (15-3856)

On motion of James Blunt, seconded by Dorinne Jordan, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

4. Recommendation to extend the sunset review date for Board Policy No. 4.070 - Full Utilization of Grant Funds, to September 21, 2020 (8/6/15) (Continued from the meeting of 8/20/15). (15-3830)

Dorinne Jordan, Second District, asked which department is responsible for compliance of this policy. Manuel Rivas, Chief Executive Office (CEO), confirmed that all departments are responsible. CEO will closely monitor grant expenditures to ensure full utilization of funds. CEO Budget Division is seeking to update the policy; per Mr. Rivas, the policy will likely come back to the Audit Committee for review next year.

In response to Ms. Jordan's question, Mr. Rivas stated that all departments comply with this policy. Anytime a grant fund is accepted, the Board of Supervisors must approve.

On motion of Dorinne Jordan, seconded by James Blunt, this item was approved as amended by Ms. Jordan to amend the sunset review date to September 21, 2016.

Attachments: [SUPPORTING DOCUMENT](#)

5. Recommendation to approve revision to Board Policy No. 5.010 - CBE Utilization Goal for County Contracts and to extend the sunset review date to October 3, 2019 (7/30/15). (15-3713)

James Blunt, First District, asked for the actual utilization percentage of the Community Business Enterprise Program (CBE). Brian Stiger, Department of Consumer and Business Affairs (DCBA), reported that the latest published information was from fiscal year 2007-2008; no recurrent update. Per Mr. Stiger, DCBA will reach out to CBE community and population to increase participation.

On motion of Lori Glasgow, and by Common Consent, there being no objection, this item was approved as amended by Ms. Glasgow to amend the sunset review date to October 3, 2017.

Attachments: [SUPPORTING DOCUMENT](#)

6. Recommendation to review substantive changes to Board Policy No. 5.030 - Low-Cost Labor Resource Program, extend sunset review date to October 3, 2019, and direct the Department to submit the policy to the Board of Supervisors for final approval (8/3/15). (15-3746)

Dorinne Jordan, Second District, questioned to what extent are the low-cost labor resources utilized by the County. Yolanda Young, Internal Services Department (ISD), reported that the department that uses this program is primarily the Department of Parks and Recreation and that living wage does not apply to these contracts.

In response to Ms. Jordan's question, Ms. Young clarified that ordinance for Proposition A Contracts is to contract out to private business which excludes government agencies. Low-cost labor resources includes California Conservation and county departments such as Sheriff's, Probation, and the Department of Public and Social Services. The policy requires departments to reach out to these resource providers before contracting out to a Proposition A contract provider. Ms. Jordan asked that ISD bring this policy back to the Committee meeting next month with the following: The specificity of each department providing low-cost labor resources; what the population is; under what condition does the department perform work; separation of each program (PAAWS/JAWS); and reach out to the Department of Animal Care and Control for benefit in shelters.

On the motion of Lori Glasgow, and by Common Consent, there being no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

7. Recommendation to review substantive changes to Board Policy No. 9.100 - Volunteer Program Policy, extend the sunset review date to October 2, 2020 and direct the Department to submit the policy to the Board of Supervisors for final approval (8/12/15). (15-3899)

Genethia Hudley-Hayes, Third District, stated that the Volunteer Program Policy Manual referenced should be updated to the August 2015 manual.

On motion of Lori Glasgow, and by Common Consent, there being no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

8. Recommendation to extend the sunset review date for Board Policy No. 9.170 - Two-Week Notice for Layoff or Reduction, to September 18, 2019 (7/10/15). (15-3405)

On motion of James Blunt, seconded by Dorinne Jordan, this item was approved.

Attachments: [SUPPORTING DOCUMENT](#)

III. OLD BUSINESS

9. Recommendation to review substantive changes to Board Policy No. 3.054 - Board Ordered Investigations Pertaining to Confidential Information, extend the sunset review date to August 17, 2020 and direct the Department to submit the policy to the Board of Supervisors for final approval (6/24/15) (Continued from the meeting of 7/16/15). (15-3086)

Lori Glasgow, Fifth District, asked for clarification of the changes in the policy. Guy Stempenski, Auditor-Controller (A-C), clarified that in the event that the Board of Supervisors orders an investigation due to a suspected misconduct of disclosing confidential information, all departments must cooperate. The incident should be reported to A-C, County Counsel should be consulted, and the Chief HIPAA Privacy Officer must be notified as appropriate. The policy identifies A-C and Chief HIPAA as the investigative agencies.

On the motion of Lori Glasgow, seconded by James Blunt, this item was approved with no substantive changes.

Attachments: [SUPPORTING DOCUMENT](#)

10. Recommendation to approve minor revisions to Board Policy No. 7.040 - Requirements for Departmental Legislative Analysis and extend the sunset review date August 21, 2020 (5/21/15)(Continued from the meetings of 6/18/15 and 7/16/15). (15-2522)

Dorinne Jordan, Second District, questioned how the County handles legislative advocacy on quasi County agencies. Manuel Rivas, CEO, confirmed that any advocacy done in Sacramento and Washington D.C. will need to be cleared by his office and this applies to all County departments. All advocacies and policy matters are routed to Mr. Rivas' office prior to the Board of Supervisors.

On motion of Dorinne Jordan, seconded by Genethia Hudley-Hayes, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

11. Department of Public Social Services - Electronic Benefit Transfer Cards Review (4/30/15)(Continued from the meetings of 5/21/15, 6/18/15, and 7/16/15). (15-2084)

Dorinne Jordan, Second District, asked if this item was discussed at the Children and Family Well-Being Cluster meeting and requested for an update. Robert Smythe, A-C, confirmed that it was heard at the cluster meeting on August 12th. Cynthia Smith, Department of Public and Social Services (DPSS), updated that 24 out of 29 recommendations made by the A-C were completed. The five pending includes three CalFresh instructions to staff, targeting to complete by end of August; instructions on how to process National Prison Match, targeting to complete by end of August; and computer system automated report to track Electronic Benefit Transfer Cards inventory, targeting to complete in September.

Ms. Jordan inquired on the feedback from the Children and Family Well-Being Cluster. Ms. Smith clarified that the case name topic was discussed. Ms. Smith explained that if the card holder is deceased, the user will be taken off of the account and the case name will be left in card holder's parents' name. Anytime there is a change in household composition, the benefit will be adjusted accordingly on the following first of the month. Ms. Smith added that if all family members are eligible for benefits, they will be eligible for that entire month. Ms. Jordan asked that DPSS send her a list that summarizes the completed and pending A-C recommendations.

On motion of Dorinne Jordan, seconded by Genethia Hudley-Hayes, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

12. Department of Children and Family Services - Public Transit Passes and Tokens Review (5/8/15)(Continued from the meetings of 5/21/15, 6/18/15, and 7/16/15). (15-2289)

On motion of Lori Glasgow, and by common consent, there being no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

13. Phoenix Houses of Los Angeles, Inc. - A Department of Mental Health and Department of Children and Family Services Provider - Fiscal Compliance Review (6/12/15)(Continued from the meeting of 7/16/15). (15-2887)

Dorinne Jordan, Second District, asked for a status of the Corrective Action Plan. Maria Becerra, A-C, reported that the agency had made some adjustments to their Department of Mental Health Cost reports. The agency had asked the A-C to validate that the adjustments were appropriate. A-C is working with the provider to see if the adjustments have been done. At this point, the audit has not been closed out. The agency will need to consult with their own independent auditor and will provide a status to the A-C by the end of the month.

On motion of Lori Glasgow, and by Common Consent, there being no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

IV. REPORTS

14. Department of Children and Family Services - Overtime Review (7/2/15). (15-3298)

James Blunt, First District, asked for an explanation of the overtime situation and how it is being addressed. Keisha Lakey-Wright, Department of Children and Families Services (DCFS), explained that based on the nature of the work, there is not always a clear logic of when social workers will have to report for duty. In order for social workers and other employees to understand the overtime requirements, the department is reviewing and consolidating Overtime Policies. DCFS has developed training programs outside of the Fair Labor Standards Act training, offered by the County, that addresses how to accurately code time sheets and overtime issues to ensure that all hours are recorded. Ms. Lakey-Wright reported that DCFS is working on ways with ISD to obtain Virtual Private Network (VPN) reports so that they can more closely monitor overtime usage and hours reported by offsite social workers and ensure that hours are being reported appropriately. DCFS is also monitoring the overtime activity report on a regular basis that is reviewed by management and Human Resources so that time card corrections can be completed if necessary. Ms. Lakey-Wright stated that executive management is taking the situation seriously and is prepared to take administrative and disciplinary actions on repeated policy violators.

In response to Ms. Jordan's question, Onnie Williams III, DCFS, noted that they would be happy to work with the A-C Systems Division in reviewing the websites and determine whether or not field staff are accessing VPN and work with ISD to validate the type of websites that are being accessed. Robert Smythe, A-C, confirmed that it is possible. Lori Glasgow, Fifth District, requested that DCFS return next month with a complete plan of how DCFS intends to comply with the A-C's recommendations.

On motion of Lori Glasgow, and by Common Consent, there being no objection, this item was continued to the next meeting with the requested information.

Attachments: [SUPPORTING DOCUMENT](#)

15. Oldtimers Foundation - A Community and Senior Services Area Agency on Aging Program Service Provider - Contract Compliance Review (7/14/15). (15-3426)

James Blunt, First District, questioned the reason for continuation with the Oldtimers Foundation (the agency). Adrian Romero, Community and Senior Services (CSS), explained that the agency has the opportunity to resolve findings in the resolution process. After the resolution process is exhausted, CSS may place the agency on Contractor Alert Reporting Database (CARD). CSS are looking into other agencies to serve constituents in the event the agency is unable to resolve findings.

In response to Mr. Blunt's question, Mr. Romero reported that the agency has submitted a plan to the A-C, and intend to have some debt discharged. Genethia Hudley-Hayes questioned the result of action if the agency is not able to resolve issues. Mr. Romero confirmed that their leadership will ask the Board of Supervisors to terminate their contract and a new agency will take over with no disruption of services. Mr. Romeo explained that CSS follow directives based on the Federal Guidance which guarantees agencies receiving Federal funds to have resolution directives process available to them. CARD directives are based on resolution directives; therefore, CSS cannot place the agency on CARD until the resolution process is completed. Don Chadwick, A-C, added that CARD allows the agency due process, offering them a leeway as long as there is good faith and that the agency is making an effort towards resolving issues.

On motion of Lori Glasgow, and by common consent, there being no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

16. Final Cash Flow Report - Fiscal Year 2014-2015 (7/21/15). (15-3538)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

17. Quarterly Report on Impact of Health Care Reform on County Cash Flows (Board Agenda Item 36-A, June 25, 2013)(7/21/15). (15-3539)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

18. Countywide Utility User Tax Expenditure Audit Report as of June 30, 2014 (7/21/15). (15-3542)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

19. Probation Department - Budget, Juvenile Halls and Camps Operating Costs, and Departmental Contracting Procedures Review (Board Agenda Item 10, April 14, 2015)(7/24/15). (15-3627)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

20. Registrar-Recorder/County Clerk - Equipment and Supply Warehousing Review (7/29/15). (15-3692)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

21. Annual Report on Foundations and Support Groups (7/30/15). (15-3705)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

22. Proposition A Contract - Department of Public Social Services Supplemental Security Income Appeals Representation Services (Board Agenda August 4, 2015, Item 26)(8/4/15). (15-3749)

Dorinne Jordan, Second District, stated that this report was already passed by the Board of Supervisors and requested that these types of reports not be included on the Audit Committee Agenda.

On motion of Dorinne Jordan, seconded by Genethia Hudley-Hayes, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

23. JWCH Institute, Inc. _ A Department of Public Health, Division of HIV and STD Programs Provider - Contract Compliance Review (8/6/15). (15-3827)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

24. Contractor Alert Reporting Database Status Report - August 2015 (8/12/15). (15-3893)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

25. HIPPA and HITECH Act Privacy Compliance Review - Health Services Administration HIPAA Training Tracking and Process (8/13/15). (15-3898)

On motion of James Blunt, seconded by Dorinne Jordan, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

26. Fiscal Year 2014-15 Fourth Quarter Report on Audit-Related Funding Transferred from General Fund Departments (8/13/15). (15-3900)

James Blunt, First District, asked for overage confirmation on audit cost;

Robert Smythe, A-C, confirmed the amount.

On motion of Lori Glasgow, and by common consent, there being no objection, this item was received and filed.

Attachments: [SUPPORTING DOCUMENT](#)

- 27.** Department of Health Services Harbor-UCLA Medical Center Tri-Partite Agreement Review (8/14/15). (15-3927)

Dorinne Jordan, Second District, asked if this review have gone to the Health Cluster meeting. Jesse Urbano, A-C, confirmed that it was discussed at the Health Cluster meeting on May 27, 2015.

On motion of Lori Glasgow, and by common consent, there being no objection, this item was continued to the next meeting.

Attachments: [SUPPORTING DOCUMENT](#)

V. DISCUSSIONS

- 28.** Discuss and take appropriate action on the Committee's role in regards to informing the Board of high profile audits (Continued from the meetings of 4/16/15, 5/21/15, 6/18/15 and 7/16/15). (15-1623)

On motion of Lori Glasgow, and by Common Consent, there being no objection, this item was continued to the next meeting to allow Kieu Anh King, Third District, to be present.

- 29.** AB109 Expenditure Reviews. (15-3626)

Robert Smythe, Los Angeles County Department of Auditor-Controller (A C), reported that AB109 deals with public safety realignment, is partly funded by the State, and pertains to individuals diverted from prison or exiting the prison system. The County Departments involved with law enforcement typically include the Sherriff, Probation, Mental Health, Public Defender, and the District Attorney. Among the nine scheduled AB109 Expenditure Reviews, seven have been completed and two are currently in progress. The reviews conducted reported immaterial findings as the expenses of the associated programs exceeded that of available State funding.

Mr. Smythe proposed not going forward with the remainder of the expenditure reviews due to a lack of findings and limited staffing resources.

By common consent, there being no objection, this item was continued to the next meeting.

30. Transitioning to Electronic Payments for County Vendors. (15-3896)

Robert Campbell, A-C, reported that over the last year, the Disbursement Division of the A-C began an initiative focused on transitioning the highest volume County Vendors to an Electronic Payment System.

To date, the Disbursement Division has successfully reduced the number of warrants issued by the County by four percent. The County currently issues more than two million payments a year and among these payments, 18 percent are issued electronically.

The A-C is proposing an electronic payment process centered around a Board policy that establishes the County's preferred method of payment as the most efficient and safest method of payment.

The A-C plans to meet with the associated Clusters, Administrative Deputies, Contract Managers, and The Department of Consumer and Business Affairs for feedback and to ensure that small businesses receive the benefit of this program through more prompt payment.

The A-C foresees many benefits associated with the transitioning to Electronic Payments for County Vendors and is currently consulting with County Counsel, Stakeholders, and ISD.

A jurisdiction in New York includes an electronic payment policy in its municipal code that requires Vendors be paid by method of direct deposit, and alternatively charges \$3.50 for every check issued.

It is LA County's aim to provide the same information on an email that is traditionally provided on a check stub in order to reduce the need for a new hosting program and reduce the learning curve for its Vendors.

The check method of payment will be retained for one time payments (such as property tax refunds) where an ongoing payment relationship is unnecessary. Currently, 1.52 percent of employees receive hard copy checks as payment.

In response to a question posed by the Committee, Mr. Campbell responded that the direct deposit method would be implemented for all warrants issued, and not just vendor payments. The challenge will be

for businesses to adopt this change. Because the impact of the Electronic Payment System will be broad, the A-C is requesting feedback from the Audit Committee.

In response to a question on the supporting documentation posed by the Committee, Connie Chung, A-C, responded that the A C identified five major categories of payments property tax refunds fall under the "Other Payment" category.

Ms. Chung reported that the A-C is developing a public facing web portal that will be used to streamline the manual process of signing vendors up for direct deposit payments. Currently, hard copies of documents such as voided checks and bank statements are required to set up direct deposit payments by way of manual process; however through the proposed web portal, vendors will be able complete this process interactively.

New York implements a similar model for paying their contracts, vendors, and human service providers.

In response to this comment, Lori Glasgow requested that this information be included on the presentation by the A-C.

John Naimo, Auditor-Controller, added that the challenge will be to convince small businesses that the County will provide the equivalent of a paper stub check, and act responsibly with their bank account numbers. Because the County will now have record of their routing numbers in addition to their tax identification numbers, the A-C will be partnering with ISD and the CIO to provide as much protection as possible.

31. Pending Audit/Monitoring Reports. (15-3818)

No update was provided.

VI. MISCELLANEOUS

32. Matters not on the posted agenda (to be Presented and Placed on the Agenda of a Future Meeting). (15-3815)

There were no matters presented.

33. Public Comment. (15-3816)

No members of the public addressed the Committee.

34. Adjournment. (15-3817)

There being no further business to discuss, the meeting was adjourned at 11:56 a.m.

DRAFT